

IF YOU WANT TO KNOW MORE

Employment-Related Drug Coverage



Medicare is a health insurance program for:

- People age 65 or older
- People under age 65 with certain disabilities
- People of all ages with End-Stage Renal Disease (permanent kidney failure)

Starting January 1, 2006, Medicare will offer insurance coverage for prescription drugs to all people with Medicare. Most people will be able to get this coverage through Medicare prescription drug plans. Medicare will also work with employers and unions to ensure that people who currently receive drug coverage through their former employer or union can continue to do so. Check with your employee benefits administrator before considering a Medicare prescription drug plan.

EMPLOYMENT-RELATED PRESCRIPTION DRUG COVERAGE

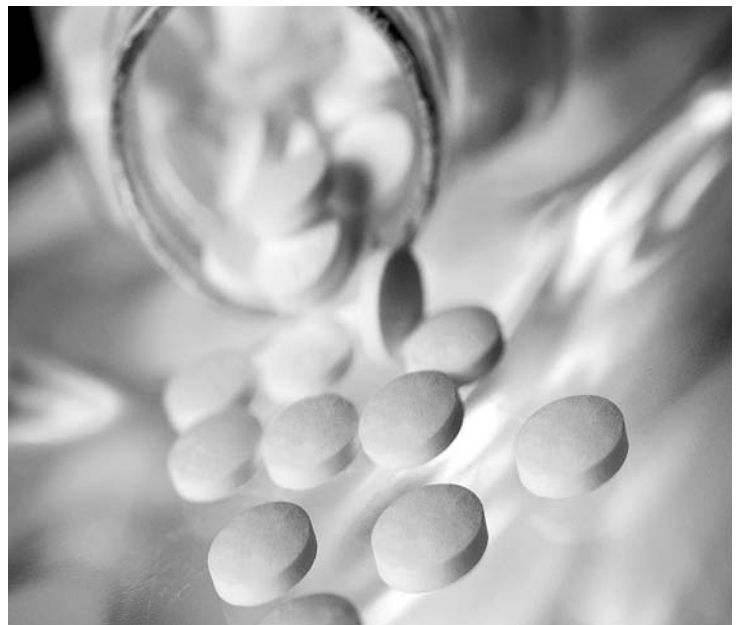
Basics

Employers and unions that offer plans with drug coverage to their retirees are required to notify their retirees with Medicare whether that drug coverage is at least as good as Medicare prescription drug coverage. If you have employer or union drug coverage of any kind and don't receive this information, you have the right to ask for it. Check with your benefits administrator to see how your employer/union drug coverage compares to Medicare drug coverage. In some cases the employer/union coverage may pay significantly more of your drug costs.

The notice from your employer or union will explain your rights and choices. If your current drug coverage is at least as good as Medicare prescription drug coverage, you can keep your current drug coverage, and if you decide to join a Medicare prescription drug plan later, your monthly

Medicare drug premium won't be higher. If you drop your employer/union drug coverage and join a Medicare prescription drug plan, you may not be able to get your employer or union drug coverage back. In addition, in some employer and union plans, you can't drop drug coverage without also dropping other medical coverage (such as coverage for hospital and physician services). Talk to your benefits administrator to make sure you understand your rights and choices before you make a change.

Finally, if you have limited income you may be eligible for extra help with Medicare prescription drug plan costs. Employer and union coverage that is at least as good as the standard Medicare prescription drug coverage may not pay as much of your drug costs as Medicare would pay including this extra help. Ask your benefits administrator to help you compare so you can choose the coverage that is best for you.



Your Options

- If your employer or union plan covers **as much as or more than** Medicare prescription drug coverage, you can:
 - Keep your current drug plan. If you join a Medicare prescription drug plan later, your monthly premium won't be higher.
Or
 - Enroll in a Medicare prescription drug plan. Be sure you understand what effect this will have on your employer/union coverage. If you drop your employer/union coverage you may not be able to get it back later.
- If your employer or union plan covers **less than** Medicare prescription drug coverage, you can:
 - Keep your current drug plan and join a Medicare prescription drug plan to give you more complete prescription drug coverage. Some employers and unions plan to offer drug coverage specifically designed to supplement the new Medicare drug benefit. Talk to your benefits administrator to see if your coverage is intended to supplement the Medicare drug benefit.
Or
 - Just keep your current drug plan. But if you wait to join a Medicare prescription drug plan later, you may have to pay a higher premium.
Or
 - Drop your current drug plan and join a Medicare prescription drug plan. But remember that you may not be able to get your employer or union drug coverage back later.
- If your employer or union stops offering drug coverage at a later date, or the coverage is no longer at least as good as the new Medicare prescription drug coverage, you will be able to enroll in a Medicare prescription drug plan without paying a higher monthly premium.



- It is important that you join a Medicare prescription drug plan when you are first eligible. Medical practice has come to rely more and more on new drug therapies to treat chronic conditions, and out-of-pocket spending on drugs has increased dramatically. Most people with Medicare currently need or will come to need prescription drugs to stay healthy. Medicare prescription drug coverage will protect you from high out-of-pocket costs. For most people, joining when you are first eligible means that you will pay a lower monthly premium than if you wait to join later.

These materials were prepared in March 2005 by the Centers for Medicare & Medicaid Services. They are intended for training purposes only and are not legal documents.